GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4791
ANSWERED ON:24.08.2001
INTEREST RATE ON SMALL SAVINGS
SUBODH MOHITE

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have set up a Committee to review the existing system of administered interest rates of small savings schemes including Public Provident Fund under the Chairmanship of Dr. Y.V. Reddy;

(b) if so, the details thereof including terms of references of the Committee;

(c) whether the Committee has submitted any report or made recommendations to the Government;

(d) if so, the main recommendations of the Committee; and

(e) the reaction of the Government thereto?

Answer

MINISTER OF STATE FOR FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a): The Government has set up an Expert Committee to review the system of administered interest rates and other related issues.

(b) The Committee is chaired by Dr. Y.V. Reddy, Deputy Governor, RBI. The terms of reference of the Committee are as under :-

(i) To suggest criteria for bench-marking of administered interest rates;

(ii) To suggest the periodicity of revision of administered interest rates;

(iii) To examine the feasibility of transferring the entire net proceeds of small savings to the State Governments on a back-to-back basis;

(iv) To make recommendations on other aspects of small savings like designing of instruments, engagement of agents and rules governing the deposits and withdrawals;

(v) To make recommendations on issues related to the interest rates; and

(vi) To make such other recommendations as the Committee may deem appropriate on the subject.

(c) : No, Sir.

(d) & (e) : Do not arise.